

FISCAL NOTE

Bill #: SB0205 **Title:** Restrict reinstatement of driver's license for violation of liability insurance

Primary Sponsor: Shockley, J **Status:** As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$16,672	\$16,142
Revenue:		
General Fund	\$30,000	\$125,000
Net Impact on General Fund Balance:	\$13,328	\$108,858

<input type="checkbox"/> Significant Local Gov. Impact	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input type="checkbox"/> Significant Long-Term Impacts
<input type="checkbox"/> Dedicated Revenue Form Attached	<input checked="" type="checkbox"/> Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

1. There was a significant increase in court ordered motor vehicle registration suspensions due to no insurance violations between Calendar Year (CY) 2000 and CY 2002 and a steady increase since that time. 1,588 license plate suspension actions were taken in CY 2000; 1,434 in CY 2001, 2,026 in CY 2002; 2,101 in CY 2003; and 2,483 in CY 2004.
2. Assuming a continuing 10 percent increase per year in the number of no insurance violations, there will be nearly 2,800 motor vehicle registration/license plate suspensions in CY 2005 due to no insurance violations.
3. The number of driver license suspension and reinstatement actions will be comparable to the number of motor vehicle registration/license plate suspensions.
4. It is anticipated that an additional 1,875 Montana driver's licenses will be suspended and 300 reinstated in FY 2006 and 2,500 suspended and 1,250 reinstated in FY 2007.
5. Some of the work will parallel the processes utilized for registration suspensions, but additional driver license suspensions are time consuming. Work must be done in two systems: R900 and J900. Additional work will be completed in the Driver Control System including correspondence exchanged with a driver, responses to telephone inquiries, driver licenses received and returned, reinstatement fees collected, receipted and posted, and system notations will be finalized.

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(continued)

6. The cost of 0.50 FTE (Grade 8) to handle no insurance driver license suspensions and reinstatements is \$9,035 (9 months salary) in FY 2006 and \$12,046 in FY 2007 for salary and benefits. Regular operating costs are \$6,222 in FY 2006 and \$4,096 in FY 2007. FY 2006 costs include one-time expenditures of \$2,976 for the new employee package of desk, chair, file cabinet, and computer and \$250 in wiring costs for the network connection. In addition, operating costs of \$2,996 in FY 2006 and \$4,096 in FY 2007 are included for network connections, mainframe usage, postage, phones, and supplies.
7. One time operating expenditures are estimated at \$1,415 in FY 2006 for programming and computer time usage costs to implement system changes and create a new system generated letter.
8. A \$100.00 reinstatement fee would be collected from suspended drivers. Some individuals would already be paying the reinstatement fee for other withdrawal actions and some may be commercial drivers exempt from the reinstatement fees. It is anticipated that 50 percent of the drivers suspended for no insurance violations will pay the \$100 reinstatement fee, generating \$30,000 in FY 2006 and \$125,000 in FY 2007.

FISCAL IMPACT:

	FY 2006 <u>Difference</u>	FY 2007 <u>Difference</u>
FTE	0.375	0.50
<u>Expenditures:</u>		
Personal Services	9,035	12,046
Operating Expenses	<u>7,637</u>	<u>4,096</u>
TOTAL	\$16,672	\$16,142
<u>Funding of Expenditures:</u>		
General Fund (01)	\$16,672	\$16,142
<u>Revenues:</u>		
General Fund (01)	\$30,000	\$125,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$13,328	\$108,858

TECHNICAL NOTES:

1. It is unclear whether there is a provision requiring the driver license suspension for a second or subsequent no insurance violation if the driver of the motor vehicle is operating a vehicle owned by an unrelated third party.
2. Determining whether a motor vehicle owner is a member of the offender's immediate family may be difficult.
3. It is unclear whether there is a consequence if an insurance policy is cancelled for some reason (i.e., change in marital status affecting the insurance policy, failure to pay the premiums, change in ownership of the vehicle, etc.).